In an EU of growing multiplicity, where shifting leadership coalitions determine the outcome of decisions on central strategic issues, it has become more and more important to look beyond the Franco-German partnership and consider corresponding interests between all member states. In this respect, possible areas for co-operation between Britain and Germany will be of particular significance for the future of the EU.

As shown in Chapters 2 and 3, both countries are in a process of redefining their position in Europe. Germany remains the central player in the EU of 25 and it has made major steps towards the ‘normalisation’ of its foreign policy. As one of the main promoters of enlargement, it has adopted a bridge function towards the new CEE member states, including the future applicant countries in South-Eastern Europe. Britain, on the other hand, has adopted a more positive stance towards the integration process under the New Labour administration. It has therefore been able to take on a leadership role on a number of issues, such as defence and economic liberalisation.

The two countries are confronted with major challenges in their aspiration to find their role in the enlarged EU. Germany is mainly engaged with the domestic reform of its economy and labour market, in an attempt to reverse the decline of its traditional role as the economic cart-horse in Europe. The substantial crisis in its public finances has so far made it difficult to meet the external demands which arose from the ‘normalisation’ of German foreign policy. A substantial reform of the German army towards a professional crisis implementation force would demand substantial financial investment, for which no political consensus can be found in the current domestic climate. In the case of Britain, the ability to secure a strategic leadership position in the EU of 25 continues to be hampered by the failure to join the eurozone. If
British leaders wish to substantially influence the agenda in all major areas of EU decision making, they will have to finally address this issue. This would demand a final assessment of the government’s five economic tests on EMU membership, followed by a public referendum, based on a substantial government campaign, which advocates entry into the eurozone.

This chapter outlines British and German positions in crucial strategic European policy areas, as they appeared under the centre-left governments of Tony Blair and Gerhard Schröder. It attempts to show where Britain and Germany have developed sufficient correspondences in their strategic interests to develop a working partnership in the future.

**Institutional and procedural reform of the EU**

The issue of fundamental reform of the EU’s institutions and decision-making procedures is an essential matter of concern for both Britain and Germany. In contrast to other larger member states, like France, both countries have been repeatedly emphasising the need to fundamentally reform the institutional structure and the policies to prepare the EU for further waves of enlargement. Due to the background of two fundamentally different political cultures, official British and German reform proposals differ in their general approach. However, British and German leaders strongly concur in their determination to secure the efficiency of institutions and procedures in an EU of 25+ members. Both the Blair and the Schröder governments have placed institutional and procedural reform of the EU at the top of their European policy agenda. Tony Blair had repeatedly stressed his determination to press towards fundamental reform of the EU, even when he was still leader of the opposition. Blair argued that the younger generation of post-war politicians like himself showed a more pragmatic approach towards European integration, which included greater openness, but also a clear analysis of the weaknesses of EU procedures:

> We can lead the case for reform. We are a new generation, not scarred by war. We do not accept that Europe should remain as it is. Our commitment to Europe does not mean that we accept a bureaucratic and wasteful Europe (…) We want a new, revitalised, people’s Europe.¹

The 1997 Labour manifesto promised that under a New Labour government, the United Kingdom would ‘set out a detailed agenda for reform, leading from the front during the UK presidency in the first half